

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 18542
[REDACTED],)	
)	DECISION
Petitioners.)	
_____)	

On April 10, 2004, the staff of the Income Tax Audit Bureau of the Idaho State Tax Commission issued a Notice of Deficiency Determination to [Redacted] (taxpayers), proposing additional income tax and interest for the taxable year 2000 in the total amount of \$995.

On June 14, 2004, the taxpayers filed a timely appeal and petition for redetermination. The taxpayers did not respond to the Tax Commission's hearing rights letter and have provided no additional information. The Tax Commission, having reviewed the file, hereby issues its decision.

The Income Tax Audit Bureau (Bureau) reviewed the taxpayers' 2000 Idaho individual income tax return to follow up on an audit of their wholly owned S-Corporation, [Redacted]. From the information provided, the Bureau adjusted the taxpayers' 2000 return for deductions claimed on schedules A, C, and E. The Bureau sent the taxpayers a Notice of Deficiency Determination, which the taxpayers protested. The taxpayers provided the Bureau with additional documentation and the Bureau modified its audit report. The Bureau sent the taxpayers a copy of the modified audit requesting payment of the remaining deficiency and statement withdrawing their protest. The taxpayers did not respond.

The Bureau referred the matter for administrative review, and the Tax Commission sent the taxpayers a letter giving them two options for having the Notice of Deficiency Determination redetermined. The taxpayers did not respond. The Tax Commission sent the taxpayers a follow-

up letter but still the taxpayers failed to respond. Therefore, the Tax Commission decided the matter based upon the information available.

The Bureau initially adjusted the taxpayers' schedules A, C, and E for items that were not documented. The taxpayers subsequently provided documentation or information to verify most of the schedule A items. The schedules C and E adjustments were also substantially reduced because of additional documentation. The remaining adjustments were for an auto registration claimed as taxes paid on schedule A, a reduction in the allowed meals by 50% per Internal Revenue Code section 274(n) on schedule C, and a flow-through adjustment from the taxpayers' S-Corporation on schedule E. The Tax Commission reviewed these changes and agrees with them.

However, the taxpayers have provided nothing further for the Tax Commission to consider. "Whether and to what extent deductions shall be allowed depends upon legislative grace; and only as there is clear provision therefor can any particular deduction be allowed. . . Obviously, therefore, a taxpayer seeking a deduction must be able to point to an applicable statute and show that he comes within its terms." New Colonial Ice Co. v. Helvering, 292 U.S. 435, 54 S.Ct. 788 (1934). Since the taxpayers have failed to provide anything to show they are entitled to anything more than what the Bureau has allowed, the Tax Commission upholds the modified audit report as a proper correction to the taxpayers' Idaho income tax return.

WHEREFORE, the Notice of Deficiency Determination dated April 10, 2004, is hereby MODIFIED, in accordance with the provisions of this decision and, as so modified, is APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the taxpayers pay the following tax and interest:

<u>YEAR</u>	<u>TAX</u>	<u>INTEREST</u>	<u>TOTAL</u>
2000	\$ 83	\$ 26	\$109

DEMAND for immediate payment of the foregoing amount is hereby made and given.

An explanation of the taxpayers' right to appeal this decision is enclosed.

DATED this ____ day of _____, 2006.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that on this ____ day of _____, 2006, a copy of the within and foregoing DECISION was served by sending the same by United States mail, postage prepaid, in an envelope addressed to:

[REDACTED]
[REDACTED]
[REDACTED]

Receipt No.
